
ENTRY INTO A JOINT MANAGEMENT AGREEMENT AND INCORPORATION OF A NEW ENTITY – CAMO CAFE & BAR PTE. LTD.

1 INTRODUCTION

The Board of Directors of Tung Lok Restaurants (2000) Ltd (the “**Company**” or collectively with its subsidiaries (the “**Group**”)) wishes to announce that its wholly-owned subsidiary, Tung Lok Millennium Pte Ltd (“**TLM**”), has on 21 March 2023 incorporated a wholly-owned entity by the name *Camo Cafe & Bar Pte. Ltd.* (“**JVCO**”) in Singapore with an initial issued and paid up capital of S\$1,000.

On 21 March 2023, TLM and JVCO entered into a joint management agreement (“**JMA**”) with SAFRA National Service Association (“**SAFRA**”), a Singapore-registered society, whereby TLM and SAFRA will jointly manage restaurant businesses to be operated by the JVCO.

2 INFORMATION ON SAFRA

SAFRA is formed as a social and recreational club for National Servicemen (“**NSmen**”) from the Singapore Armed Forces (“**SAF**”) and currently has a network of 7 clubhouses located in Jurong, Mount Faber, Punggol, Tampines, Toa Payoh, Yishun and Choa Chu Kang. SAFRA clubs are go-to destinations for social, recreational, sports and educational facilities. SAFRA clubs offer facilities such as karaoke, indoor and outdoor sports facilities, function rooms, barbeque pits, gym, swimming pool, food and beverage outlets and enrichment schools etc. SAFRA membership is open to full-time National Servicemen, existing and former SAF NSmen, SAF Regulars and their dependents. There are currently over 430,000 SAFRA members.

SAFRA is independent and unrelated parties to the Group, the Company’s directors, chief executive officers and controlling shareholders, and have had no prior business or commercial dealings with the Group.

3 FRAMEWORK AND SALIENT TERMS OF THE JMA

3.1 Formation of the JVCO and Share Capital

Pursuant to the JMA:

- TLM shall subscribe for all the shares of the JVCO such that upon completion of the subscription, the JVCO will have an initial issued and paid-up share capital of S\$1,000 divided into 1,000 Shares. The subscription of shares in the JVCO by TLM will be funded through the Group’s internal resources.
- SAFRA shall grant initial loans to the JVCO which shall be equivalent to the issued and paid-up capital of the JVCO as subscribed for by TLM from time to time. The JVCO shall only repay such initial loans from SAFRA upon the termination of the JMA or when TLM recovers its invested share capital in the JVCO.
- Where the JVCO requires loans for working capital requirements, both TLM and SAFRA are obligated to grant unsecured and interest-free loans to the JVCO in equal proportions.

- SAFRA shall be entitled to 50% of the profit after taxation of the JVCO.

3.2 Governance of the JVCO

The JMA was entered into in order to regulate the relationship and dealings between TLM, SAFRA and the JVCO.

Under the JMA, it was agreed that the JVCO shall set up a Joint Management Committee (“**JMC**”) which shall comprise three (3) representatives from each of TLM and SAFRA. The JMA sets out certain customary matters which require the majority approval of the JMC in order to be enforceable. Accordingly, the JMC executes all major matters of the JVCO including, *inter alia*, the setting of strategic directions and development of the restaurant concepts of the JVCO.

The JVCO is therefore in substance a 50% joint venture of the Group since both TLM and SAFRA have joint control of the JVCO.

3.3 Business of the JVCO

The JVCO will be engaged in the business of casual dining restaurants operation.

4 RATIONALE OF THE JOINT VENTURE

The Board believes that SAFRA is a good strategic partner which the Group can closely collaborate with. Further, the JMA allows the Group to leverage on SAFRA’s network and strong membership base to grow the Group’s revenue streams.

Accordingly, the Board believes that the entry into the JMA is in the best interests of the Company and the Group.

The first outlet to be set-up by the JVCO will be located at SAFRA clubhouse located at 28 Choa Chu Kang Drive Singapore 689964.

5 FINANCIAL EFFECTS OF THE JOINT VENTURE

The aforesaid transactions are not expected to have any material impact on the net earnings per share or net tangible assets per share of the Company for the year ending 31 March 2023.

6 INTERESTS OF DIRECTORS, CONTROLLING SHAREHOLDERS AND SUBSTANTIAL SHAREHOLDERS

None of the directors, controlling shareholders or substantial shareholders of the Company has any interest, direct or indirect, in the aforesaid transactions save for their shareholdings in the Company.

7 DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the JMA will be available for inspection during normal business hours at the registered office of the Company at 26 Tai Seng Street #02-01 Singapore 534057 for a period of 3 months from the date of this announcement.

Shareholders who wish to inspect these documents at the Company's registered office are required to send an email request to investors@tunglok.com to make an appointment in advance. The inspection of documents will be arranged with each Shareholder to limit the number of people who are present at the registered office at any one time and such arrangements are subject to prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be implemented by the relevant authorities from time to time.

BY ORDER OF THE BOARD

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Tjioe Ka Men
President/Chief Executive Officer

Date : 21 March 2023

This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("Exchange") and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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